

CD NO.

25X1A

INTELLIFAX 14

COUNTRY Burma/China

SUBJECT Smuggling of Tires, Gasoline, and Engine Oil to China

DATE DISTR 27 OCT 51

NO. OF PAGES 2

PLACE
ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

DATE OF INFO.

SUPPLEMENT TO
REPORT NO.

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1. Subject
 2. Reference
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 251. Phone
 252. Telex
 253. Radio
 254. Mail
 255. Other
 256. Notes
 257. Comments
 258. Remarks
 259. Signature
 260. Date
 261. Initials
 262.

1. The Selweon Trading Company of 92 China Street in Rangoon has more than 60, 51 x 7.4 and 34 x 7 Y-type tires for sale to unauthorized dealers. The price is Rs 1200/- per tire for the entire stock or Rs 1300/- per tire if sold in lots of ten tires.
2. More than 160 tires arrived in Rangoon from the United Kingdom on the WADWICKSHIRE. However, 100 of these were 32 x 6 which are not in demand in Communist China.
3. Black market tire prices in Rangoon now range from Rs 1000/- to Rs 1300/-, each complete with tubes and flaps. Even Indian tires, such as the India Super, can easily be disposed of at Rs 1000/- per tire.
4. Three men have just arrived in Rangoon from the China border. They are staying at 63, Latter Street. Their main business in Rangoon is to buy tires and ship them to China. They have so far offered Rs 1150/- for each complete Michelin tire.
5. On 23 July 1951, 25 drums of Standard Vacuum engine oil left Rangoon for Communist China. Fu Shin Haw & Co., of 18th Street handled the shipment. The manager of this concern has advised his friends to go into the engine oil and tire business. He has promised to supply them with all they need. The current price of oil in Rangoon is Rs 300/- per 44-gallon drum. In Kyaukkok (28-04; 24-04) the price is now Rs 800/- per drum. The manager of Fu Shin Haw & Co. stated that in order to pass the gates at Naymyo (Military), Lashio (Military and Customs), and the 105 mile-post at Mongyu (Military and Customs), it was necessary to pay out bribes amounting to Rs 5000/-.
6. Smuggling of tires from Rangoon to Mandalay is carried on by having one or two tires, either open or hidden, on every truck leaving for Mandalay. The tires are assembled at Mandalay and taken to Kyaukkok. When the tires and engine oil arrive at Kyaukkok they are sold either in whole lots or by individual item. The buyer, not the seller, arranges to get them across to China.

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No Change In Class. ☒

☐ Declassified

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Date: 01 SEP 1978

24

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SECURITY INFORMATION
 CENTRAL INTELLIGENCE AGENCY

25X1A

- 2 -

7. Payment for smuggled goods is made at the offices of Moheng & Co., either in the form of gold bars at Kyuhkok or in Burmese currency at the Mandalay offices. Those engaged in smuggling are given a letter from Moheng & Co.'s office at Kyuhkok to their Mandalay office. At Kyuhkok the price of gold is Rs 160-170/- per tola. Most shippers receive payment in Burmese notes at Mandalay rather than in gold at Kyuhkok.
8. Moheng & Co. is a well-known exporter of raw cotton to China. Formerly, all transit trade between Burma and China was handled by Moheng & Co. They act as Communist China's agent at Kyuhkok where they are paid for all shipments in gold bars. These bars are then sent to Lashio, Mandalay, and Rangoon for sale.
9. In Yunnan everyone can engage in any business except the sale of tires, gasoline, and engine oil. All sales of these three items must be handled by the Chinese Government. If Government orders are not carried out the offender is liable to be executed. The Chinese Government finances any company short of capital, but all loans must be repaid annually. Prices are rigidly controlled.
10. Tires of popular brands fetch Rs 2500/- each in Kuming. No truck-owner is allowed to make more than Rs 2000/- profit per trip between Kyuhkok and Kuming. The Chinese Government levies a customs duty on all articles entering from Burma except for tires, gasoline, and oil.
11. In Kengtung the exchange rate between old silver coin and paper currency is Rs 100/- in silver to Rs 185/- in paper. The exchange rate is particularly high during the opium season only. The rest of the year the ratio is Rs 100/- in silver to Rs 140-150/- in paper.
12. According to some traders, NAW SENG is now at Kuming with between 500 and 1000 followers from Burma.
13. Leading smugglers of gasoline and engine oil into Communist China are:
 - a. Edward Sein, a general merchant at Muse (97-54; 24-00). He also runs a workshop at Mandalay, known as the North Burma Motor Workshop.
 - b. Mr. Raymond Chang, the Burmah Oil Company's agent at Muse. Chang has made nearly Rs 100,000/- by selling gasoline to individual smugglers. He is trying to get Rs 50,000/- exchanged in order to send it to Singapore.
 - c. The Burmah Oil Company representative at Muse has only been dealing in the black market. He has not been engaged in smuggling thus far.
 - d. The Burmah Oil Company representative at Lashio is a particularly successful black market operator in gasoline and oil. He also engages in some smuggling but only once a month. He pays very high bribes.

25X1A 1. [REDACTED] Comment. The manager of this firm should be in a position to know as he sends four or five trucks a month from Rangoon to Muse with tires and engine oil.

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